



ANNUAL REPORT 2004

Introduction

The mission of the President of the Office of Telecommunications and Post Regulation (URTiP) is to guide the telecommunications and postal sectors in their transition from monopoly to an entirely competitive market. This is done under the new Telecommunications Law of 16 July 2004 and the amended Postal Law.

At present, the telecommunications market in Poland is open to competition on all levels – starting from local telephone calls, through long-distance and international calls, and ending with fixed-to-mobile calls. The new Telecommunications Law has nevertheless introduced different regulations, according to which entities with significant market power (SMP) are to perform relevant regulatory obligations. A starting point is the analysis of 18 relevant markets, the results of which are to allow regulation that conforms to actual market conditions. The process of market analyses has already been launched and will be continued in 2005 to select entities with SMP on particular markets subject to regulation and to impose regulatory obligations on them.

Reference offers continue to define basic principles for co-operation of an SMP operator with alternative operators. In 2004, I introduced a Reference Interconnection Offer. My decision to approve the RIO is an important step forward in the liberalisation of the Polish telecommunications market. It is expected to contribute to better regulation of the telecommunications market and to ensure effective competition to the benefit of all users.

In 2004, I invited all operators, economic chambers and scientific organisations to a public discussion concerning methods of utilising available resources for the GSM 1800 MHz and UMTS mobile telephony in order to prepare the tender



Witold Graboś, President of URTiP

procedure. URTiP also held consultations of draft documents adopted by the European Regulators Group (ERG).

Equally important changes took place in 2004 in regulatory principles of the postal services market. Legal regulations in respect of freedom in business operation introduced a new solution consisting in the replacement of authorisations for running certain types of business by an entry in the register of postal operators. The President of URTiP makes the entry according to an undertaking's statement about its compliance with conditions stipulated by the Postal Law, necessary to provide postal services. In effect, 90 private operators providing postal services are operating on the postal market and Poczta Polska is gradually preparing itself for functioning in conditions of full liberalisation.

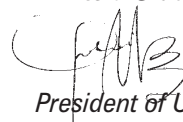
In the period covered by the Report, Poland became a full member of the European Union and the telecommunications and postal markets – part of the Community services market. Accession to the European Union was linked to the adoption of a new Telecommunications Law, which transposed a package of EU Directives on electronic communications. The new law changed the philosophy of regulatory actions and introduced a number of new regulatory instruments. It also constituted an additional stimulus for undertakings to improve the quality of their services and to lower prices for these services.

In 2004, two regulatory strategies of the President of URTiP were adopted: on the telecommunications services market and on the postal services market. Both documents indicated in a synthetic way the Regulator's priorities as regards its active role in the improvement of the domestic market and integration with the EU market. Under the relevant law, I exercise a transparent, open and consistent regulatory policy. My conviction, universal in other EU Member States, is that only independence, impartiality and transparency of the regulatory authority's activities contributes most to the process of gradual elimination of traditional monopolies and to the establishment of a fully competitive market.

Furthermore, I wish to point out that in activities that regulate the telecommunications market I co-operate closely with the President of the Office for Competition and Consumer Protection (UOKiK). This co-operation is connected, first of all, with the analysis of competition on relevant markets, SMP designation and counteracting practices that hinder competition. Furthermore, common actions in favour of ensuring rights to users of telecommunications services are also of particular importance. In my opinion this is one of the best examples for highly effective co-operation between two central-level administration bodies.

Regulatory activities of URTiP are and will continue to be, first and foremost, a response to the needs of the Polish market. EU standards help in correct preparation of the decisions and subsequently in their efficient enforcement. This Report presents the effects of URTiP endeavours.

Witold Graboś



President of URTiP

Competencies of the President of URTiP

Legal Basis

The President of URTiP is a regulatory authority within the scope of telecommunications and postal markets and frequency management. It is also a specialised body with respect to the inspection of apparatus and telecommunications equipment placed on the market.

The competencies of the President of URTiP have been specified in the Telecommunications Law of 16 July 2004, in the Postal Law of 12 June 2003 and in the Conformity Assessment System Act of 30 August 2002.

The President of URTiP is appointed by the President of the Council of Ministers at the request of the Minister competent for communications (presently the Minister of Infrastructure) for a five-year term. Starting from 29 March 2002, Witold Graboś has been the President of URTiP.

Tasks

The scope of competence of the President of URTiP covers:

- ☐ tasks of regulating and surveillance of telecommunications activities, frequency, orbital and numbering resources management as well as the monitoring of compliance with electromagnetic compatibility requirements,
- ☐ tasks of regulating postal operations as stipulated in the Postal Law,
- ☐ preparation of bills indicated by the Minister competent for communications, within the scope of communications,
- ☐ analysis and assessment of the operation of the telecommunications and postal services markets,
- ☐ interventions in issues related to the functioning of the telecommunications and postal markets and the apparatus market, including the market of radio and telecommunications equipment,
- ☐ resolving disputes between telecommunications undertakings,
- ☐ ruling on professional qualifications within the domain of telecommunications,
- ☐ creation of appropriate conditions for the development of national radio-communication services by ensuring that the Republic of Poland is assigned necessary frequencies and is provided with access to orbital resources,
- ☐ co-ordination of frequency reservations,
- ☐ co-operation with national and international telecommunications and postal organisations, appropriate authorities of other countries,
- ☐ execution of tasks on international and Community telecommunications policies on authorisation of the Minister competent for communications,
- ☐ co-operation with the European Commission and Community institutions as well as with regulatory authorities of other Member States,

- ❑ presentation of information on telecommunications and posts to the European Commission and regulatory authorities of other countries,
- ❑ conducting consultations with interested parties on issues related to the coverage, availability and quality of telecommunications services,
- ❑ resolving civil law disputes between consumers and providers of telecommunications and postal services through mediatory proceedings or by arbitration courts,
- ❑ initiating and supporting scientific studies and research and development works related to communications,
- ❑ performing duties in favour of defence, state security and public order.

The President of URTiP co-operates with central-level public administration bodies, in particular with the National Broadcasting Council (KRRiT) on frequency management and with the President of the Office for Competition and Consumer Protection (UOKiK) on regulatory measures for the telecommunications market and postal services market as well as on product market surveillance.

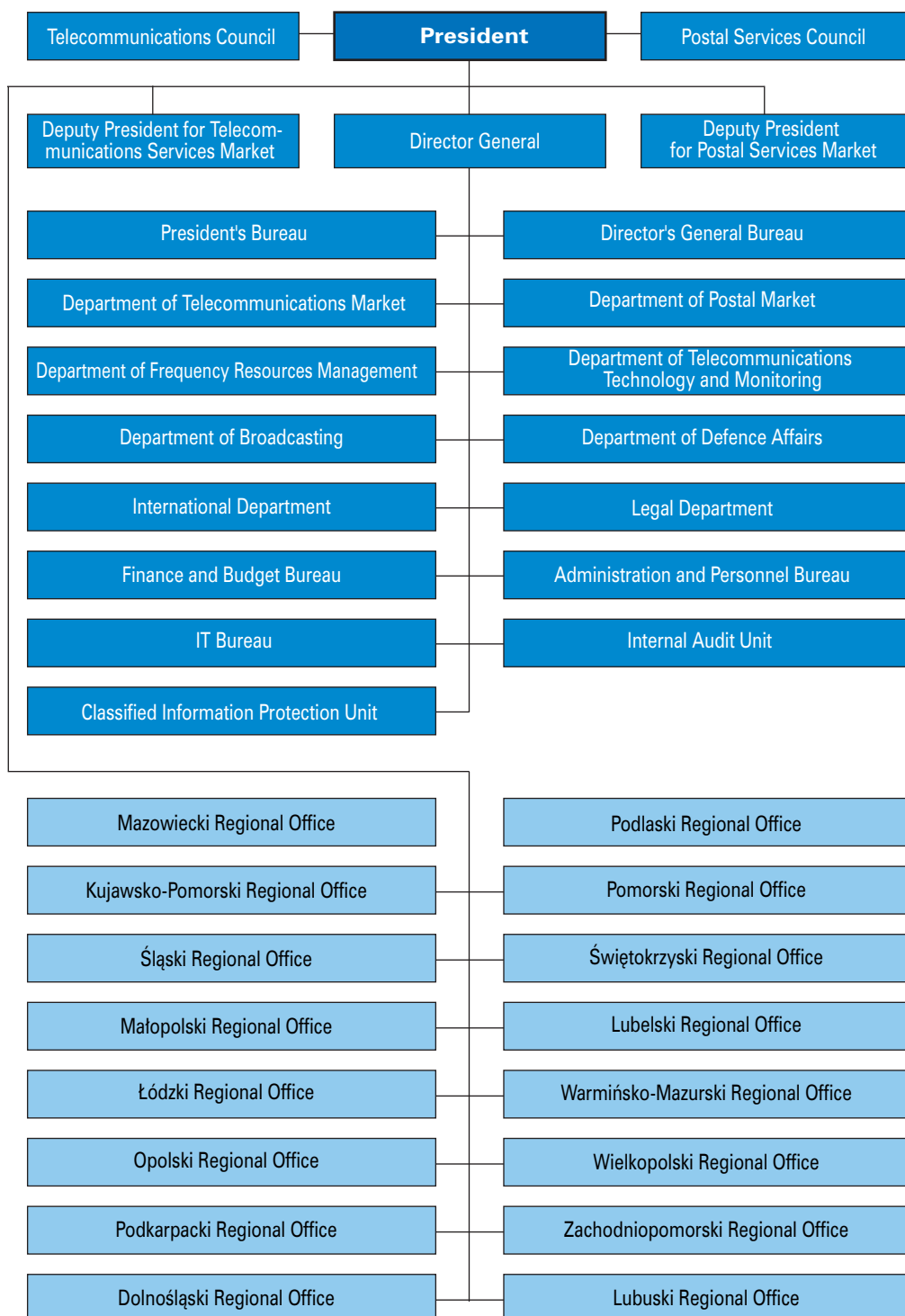
President of URTiP with his Deputies: Emil Płodzień, Deputy President for the Postal Market (on the left) and Krzysztof Kwiecień, Deputy President for the Telecommunications Market (on the right)



The Office of Telecommunications and Post Regulation

The President of URTiP exercises tasks through the Office of Telecommunications and Post Regulation. URTiP comprises the head office in Warsaw, with 15 organisational units, and 16 regional offices operating in the provinces of Poland under their local competencies.

ORGANISATIONAL STRUCTURE OF URTIP



As of 31 December 2004, the Office (head office and regional offices) employed 644 persons.

Quality Policy

On 26-27 April 2004, a certification audit was held to confirm the conformity of the Quality Management System in selected organisational units of the Office, as a result of which certificate 1309/1/2004 was granted on 21 June 2004.

Until the end of 2004, the implementation of the Quality Management System was continued in accordance with the PN-EN ISO 9001:2001 standard.

Electronic Customer Service

In 2004, a project called *Electronic process for customer service in the Office of Telecommunications and Post Regulation* was being implemented. The project is to introduce electronic customer service in the Office, with the option to submit applications and requests in the electronic form, using active forms available on the website of the URTiP Public Information Bulletin, and to obtain decisions in the electronic form provided with a safe electronic signature.

Mediatory Proceedings

The new Telecommunications Law opened the possibility of solving disputes between operators and consumers through mediatory proceedings. Since 3 September 2004, the President of URTiP has been running mediatory proceedings between consumers and telecommunications and postal operators.

Mediatory proceedings are instigated at the consumer's request or *ex officio*, if this is necessary to protect the consumer's interest. From 3 September 2004 until 31 December 2004, the President of URTiP received 124 applications for mediatory proceedings.

Permanent Consumer Arbitration Court

In 2004, preparatory works for the launch of a Permanent Consumer Arbitration Court to operate by the President of URTiP were started. The Court deals with disputes related to property interests resulting from agreements for the provision of telecommunications services concluded between individuals and undertakings authorised to perform telecommunications activities. The Arbitration Court also solves disputes related to concluded agreements for the provision of postal services. The Court will become fully operational in 2005 once the arbiters have been sworn in and the Presiding Judge has been appointed.

The URTiP Bulletin

The most important events on the telecommunications and postal markets are presented in the Office of Telecommunications and Post Regulation Bulletin. In 2004, 6 issues of the URTiP Bulletin were published with the total circulation amounting to 4 800 copies.

Furthermore, 4 special issues of the Bulletin were published in 2004:

- ❑ *Annual Report of the President of URTiP* – Polish version with CD,
- ❑ *Annual Report of the President of URTiP* – English version with CD,
- ❑ *Reference Interconnection Offer of TP*,
- ❑ *Final Documents of the World Telecommunication Standardisation Assembly*.

In addition, a coloured poster in the Polish and English versions entitled *National Table of Frequency Allocations* was published.

URTIP Website

In order to improve the efficiency of social communication of the Office with the market environment, the Internet has become one of the basic instruments in providing relevant information.

On the Internet website at www.urtip.gov.pl a special section was created for consultations conducted by the Regulator. In the period covered by the Report, a public consultation was carried out with respect to the proposed methods for the use of available frequency resources released by the Armed Forces at the beginning of 2004. The second document presented for consultations was the *Concept of a tender procedure for the use of 1800 MHz and UMTS frequency bands*. On completion of the consultations, opinions and comments of operators, economic chambers and sectoral associations were published on the website. Also a section with consumer advice was established, which includes issues like, for example, how to block the IMEI number of a stolen mobile phone or how to submit complaints on telephone services.

Under the Act on access to public information, the Office runs a separate website for the URTiP Public Information Bulletin at www.bip.urtip.gov.pl, which contains procedures for handling specific issues as well as official documents. As the new Telecommunications Law came into effect on 3 September 2004, procedures and template applications published on the website of the URTiP Public Information Bulletin were updated.

ISO certificates granted to URTiP



Regional Offices

Regional offices play a special role in the operation of URTiP. Pursuant to separate authorisations, directors of regional offices, on behalf of the President of URTiP, make administrative decisions and perform monitoring tasks. All regional offices of URTiP have fixed and mobile stations equipped with antenna systems and measuring equipment for the measurement and monitoring of radio emissions.

The tasks of URTiP regional offices include, among other things, handling issues within the following areas:

- ❑ accepting applications for an entry in the register of telecommunications undertakings,
- ❑ issuance, amendment and withdrawal of radio licences with the exception of licences regarding radio equipment,
- ❑ supervision of compliance with provisions, decisions and resolutions within the domain of telecommunications and posts as well as of radio spectrum utilisation.

In 2004, regional offices of the Office of Telecommunications and Post Regulation issued in total 18,077 licences for using radio equipment.

Licences for using radio equipment issued in 2004 by regional offices of URTiP:

in land mobile radiocommunication service	1,277
in maritime radiocommunication service	601
in amateur radiocommunication service	2,049
CB – Radio	14,150

In that period, 1,534 notifications of telecommunications operation not requiring an authorisation were accepted, of which a positive decision was granted to 1,299 applications, 49 objections were filed to the launch of telecommunications operations and 166 applications were withdrawn by applicants.

Moreover, in 2004 the employees of URTiP regional offices carried out 3,238 inspections of radiocommunication, telecommunications and postal activity and of telecommunications equipment placed on the market.



Meeting of the President
of URTiP with the staff

Opinion-Making and Advisory Bodies

Two collective opinion-making and advisory bodies operate in URTiP, appointed by the Minister competent for communications at the request of the President of URTiP. The Telecommunications Council, composed of fifteen members, is a body handling the issues of telecommunications activity, frequency management and compliance with electromagnetic compatibility requirements, while the Postal Services Council, composed of nine members, handles the issues of postal services.

Under the Telecommunications Law, members of both Councils are representatives of relevant ministers and central-level administration bodies as well as persons of extensive expertise and experience in the fields of telecommunications, radiocommunication and postal services.

Telecommunications Council

In the reporting period, the Telecommunications Council held twelve meetings, during which issues of further development of the telecommunications market, access to nation-wide basic telecommunications services and frequency management were discussed. A lot of attention was paid to the draft Telecommunications Law and to the draft *Regulatory strategy of the President of URTiP for the telecommunications market*. The Council also dealt with interconnection issues and the concept of Polish orbital resources management.

Postal Services Council

In 2004, the Postal Services Council participated in drafting the *Regulatory strategy of the President of URTiP within the postal services market for 2004-2009* and reviewed the results of *Monitoring the quality of universal services in 2003*. The Council dealt with issues related to the Postal Law amendment, the *Bucharest postal strategy of the Universal Postal Union* and *Assessment of the postal services market functioning in 2003*. The Postal Services Council also analysed the results of a study on the timely delivery of letter items by Poczta Polska in the period from January to November 2004.

Session of the Telecommunications Council



Telecommunications Market

One of the challenges to be implemented in line with the strategy of the President of URTiP is the transition of this sector from monopoly to an entirely competitive market. Instruments used in order to meet this objective have been specified in the Telecommunications Law and executive provisions.

The scope of the URTiP President's activities covers, among other things, tasks related to the regulation and monitoring of telecommunications markets, telecommunications equipment market surveillance, partial supervision of duties in favour of national defence performed by the telecommunications market players. The President of URTiP is also responsible for inspiring and supporting scientific research within the scope of communications and performs mediatory functions in disputes between consumers and telecommunications service providers.

Licences for Telecommunications Operation

The main objective of the URTiP President's activities covers in particular promoting equal and effective competition in the provision of telecommunications services, which should result in ensuring universal access to telecommunications services.

The principal instrument used to accomplish this task is to allow entities to obtain authorisations for telecommunications operation. Since the Telecommunications Law of 16 July 2004 came into force, telecommunications activity has been subject to an entry in the register of telecommunications undertakings run by the President of URTiP.

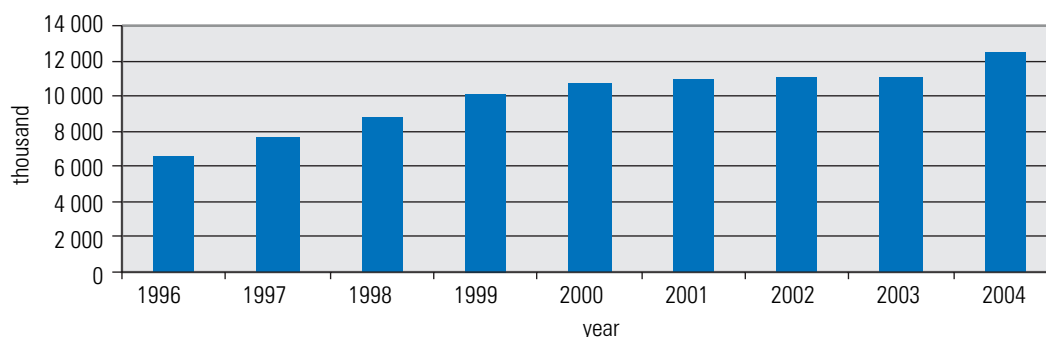
An entry is made in the register pursuant to an application submitted by an undertaking or by another entity authorised to run business operation. In the period from 3 September 2004 until the end of 2004, 562 applications were handled. 459 telecommunications undertakings were entered in the register and consequently issued with certificates confirming that such an entry has been made.

Fixed Telephone Services

Thanks to liberalisation of the Polish local telecommunications market in the 90's, more than 50 minor alternative operators were established, who developed their local networks. By the end of 2004, they have gained more than 2 million subscribers (19% of the fixed telephony market). Alternative operators have developed their own telecommunications networks in selected regions of the country.

As in the preceding years, a continuous, albeit slow increase in the number of subscriber lines was reported in 2004. On 31 December 2004, the number of subscriber lines amounted to more than 12,458,000, of which TP S.A. had more than 11,362,000 telephone lines and independent operators had a total of more than 1 million telephone lines (including more than 328,000 business clients). Consequently, TP S.A., whose share in the number of subscriber lines in 2004 amounted to ca 91.20%, is a dominant fixed operator on the Polish telecommunications market.

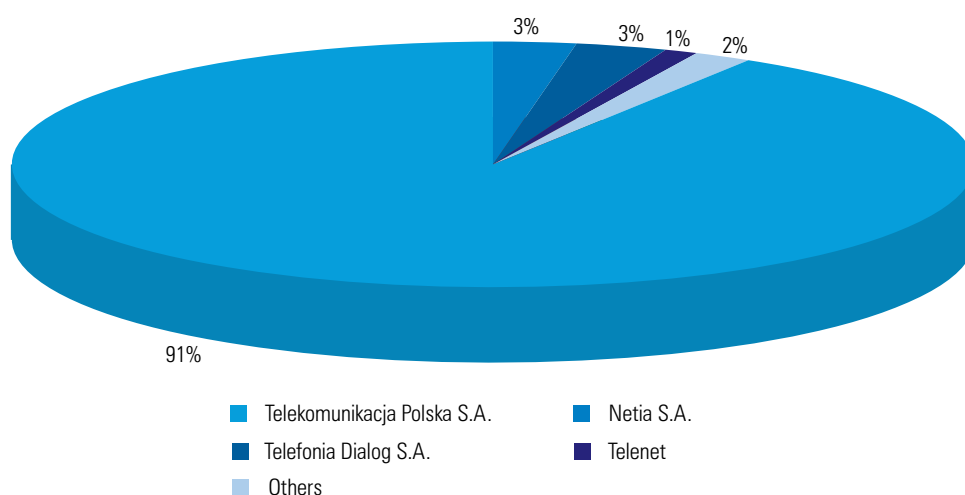
Number of subscriber lines in the period 1996-2004



Source: Own study based on OECD and URTiP data

No major increase in the density of fixed telephone lines in Poland is to be expected in the forthcoming years. In 2004, the penetration rate calculated as a total number of lines in possession by telecommunications undertakings as compared to the entire population amounted to 32.6%.

Market share of telecommunications undertakings in terms of access lines in 2004 (in %)



Source: URTiP questionnaires for 2004

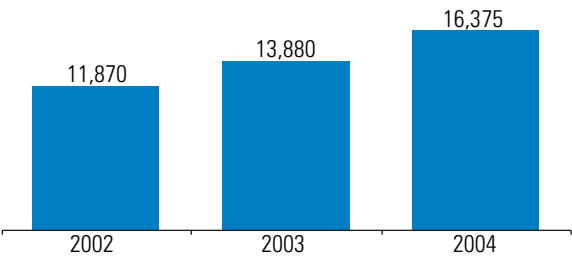
At the end of 2004, 55 operators had licences for the provision of services through network access codes, but not all of them have started their operation yet.

Mobile Telephony

The mobile telephony market is legally liberalised. Yet it is characterised by high entry barriers. This is due to the fact that operation in this scope is connected with the necessity to have frequencies, which are scarce resources subject to legal restrictions.

The value of mobile market in Poland continues to grow. Further development is also expected, especially if new operators appear on the market and if new services based on the UMTS technology are developed.

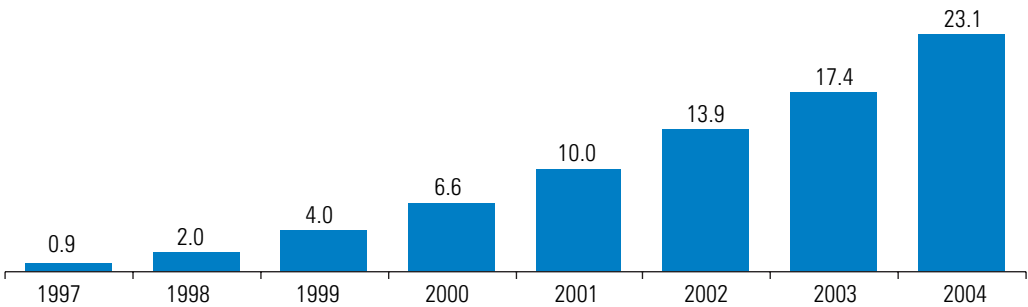
Market value (in PLN million)



Source: Own study based on data received from operators

In 2004, the number of mobile subscribers continued to grow in Poland, as in the preceding years. It is expected that this trend will most probably be maintained for the next few years, as mobile operators have undertaken an intense struggle to gain new clients.

Number of subscribers (in million)

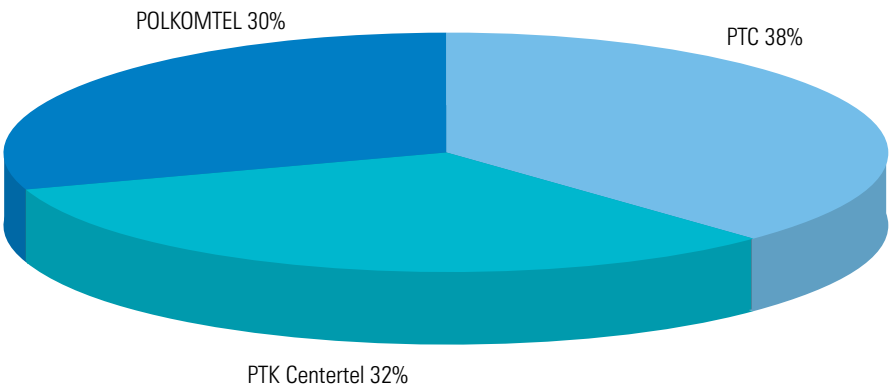


Source: Own study based on URTiP data and The telecommunications market in Poland 2004 by PMR

In 2004, mobile services penetration continued to grow, similarly to the number of subscribers.

The level of mobile services penetration in Poland (at the end of 2004 it amounted to 60.4%) as compared to that in other EU Member States may be considered relatively low, which most probably results from the fact that prices for these

Share in the market of service provision split into the number of subscribers in 2004



Source: Own study based on URTiP data provided by operators

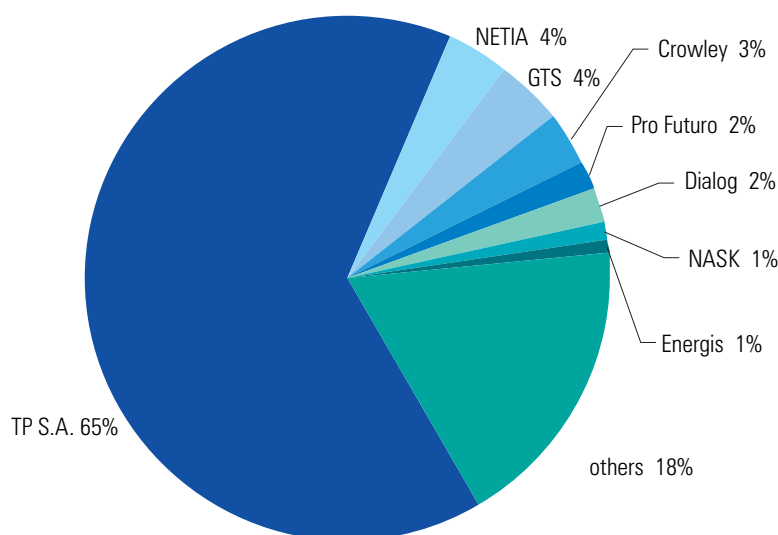
services continue to be high as compared to the purchasing power of the society. Nevertheless, in the forthcoming years a continuous increase in this rate is to be expected.

The above data shows that a relative equilibrium in market shares is maintained on the Polish mobile market.

Internet Access Services

The major providers of Internet access services in Poland held in 2004 a share of ca 82% of the entire market. The group referred to in the below figure as *others* comprised, *inter alia*, operators of cable television and local networks based on radio access system.

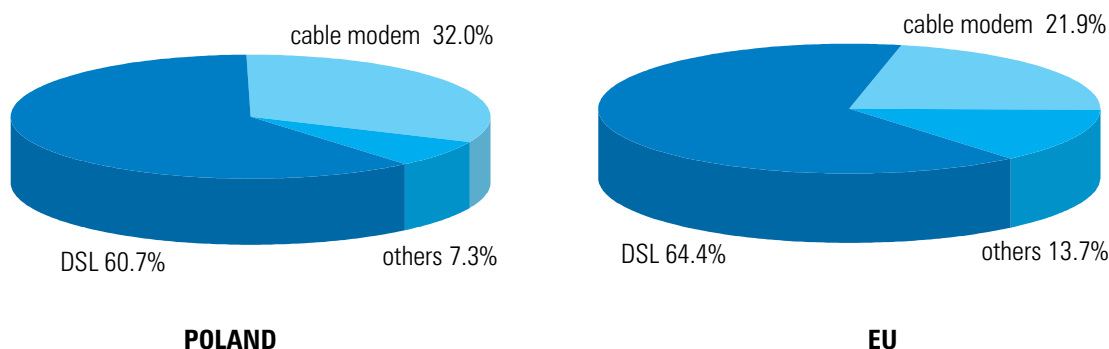
Division of Internet access services market in Poland



Source: Analysis of the Internet access market, Statistical market research, November 2004

The share of particular services in the market of broadband Internet access in Poland and in the European Union is presented in the below figure (data for the 3rd quarter 2004). For the purposes of this comparison it was assumed that broadband means an always-on Internet connection with a bit rate equal to or exceeding 128 kb/s.

Share of particular services in the broadband Internet access market in Poland and in the European Union



Source: Analysis of the Internet access market, Statistical market research, November 2004

In the years 2000 – 2003, cable televisions held a much bigger share in the Polish market of Internet access. Yet a very intensive campaign conducted by TP S.A. and the promotion of its Neostrada service based on DSL technology enabled a significant increase of DSL in the services market. This led not only to an arithmetic fall in shares held by cable televisions, but also to a real drop in the number of users of such services, by taking over certain clients using Internet through CTV by TP S.A.

Universal Service

The year 2004 was, first and foremost, the time when two regulatory regimes came into contact, i.e. regulation under:

- the Act of 21 July 2000 Telecommunications Law (OJ No. 73, item 852 with further amendments), called *the old act*,
- the Act of 16 July 2004 Telecommunications Law (OJ No. 171, item 1800 with further amendments), called *the existing act*.

The law concerning universal service currently in force requires that all end users of fixed public telephone networks, who so request, should be provided with access to this service at the required quality and at an affordable price in the territory of Poland. Until full competition is achieved on the Polish telecommunications market, which is to allow economically justified pricing, it is necessary that the Regulator intervenes in the establishment of prices by the operator obliged to provide universal service.

Universal service obligations under the old act were imposed on the public operator with SMP in the provision of telephone services in public fixed telephone networks. Such an operator was obliged to submit to the President of URTiP draft tariffs for universal service (or their modifications) and draft regulations for the performance of universal service (or their modifications) as well as template agreements for universal service provision (or their modifications) – 3 months before the planned date of their coming into force. If they did not comply with the law or if they violated users' interests, the President of URTiP could raise an objection.

The new act requires that universal service should be provided by a designated undertaking. It is a telecommunications undertaking selected or designated by means of a decision to provide universal service or particular services that are its components. Until the time when telecommunications undertakings designated to provide universal service are selected, the obligation to provide this service will be performed by the operator who, pursuant to hitherto legal regulations, was designated a public operator with SMP in the provision of telephone services in public fixed telephone networks. Hence, pursuant to transitional provisions, the obligation of universal service provision under the hitherto obligations resulting from SMP was maintained in force (Telekomunikacja Polska S.A. is the undertaking in question).

In the period from 1 January until 31 December 2004, Telekomunikacja Polska S.A. submitted to the President of URTiP 56 applications for a modification of universal service tariffs and 1 application for a modification of regulations for the performance of universal service and template agreements for universal service provision. The tariffs modifications approved by the President of URTiP contributed to a reduction in the price of calls to mobile networks, international calls to EU Member States, the USA, Canada and Australia. They have enriched the company's previous offer with such services as cheaper calls to selected numbers or discount packages for

particular types of telephone calls and calls to Internet. Approved modifications of tariffs for TP S.A. services included also promotional discounts for calls made during state holidays and holiday periods.

Execution of Subscriber Rights

The obligation to ensure carrier selection in fixed networks rests exclusively on TP S.A. This results from the fact that it is the only operator on the Polish telecommunications market with SMP in the market of telephone services provided in fixed telephone networks. TP S.A. submitted relevant applications for the suspension of the above mentioned subscriber rights in 2003 and at the beginning of 2004.

As a consequence of exercised proceedings, the President of URTiP came to the conclusion that all applications made by the company were not justified. Nevertheless, it should be emphasised that the President of URTiP refused to suspend the above mentioned rights in a situation when a subscriber selects a different operator by a network access code. Furthermore, he came to the conclusion that having these rights suspended would be justified by the absence of technical possibilities only when the selection of another operator takes place by preselection.

As a result of these decisions Tele2, an alternative operator, was able to start the provision of local and intra-zone telephone services to TP S.A. subscribers whose rights have not been suspended as early as in December 2004.

The obligation to ensure subscriber rights with respect to number portability in public mobile telecommunications networks was introduced by the new Telecommunications Law as of 3 September 2004. On 17 November 2004, the President of URTiP with respect to three mobile operators (Polska Telefonia Cyfrowa, Polkomtel, PTK Centertel) issued decisions in which subscriber rights to retain the number when changing an operator were suspended until the end of 2004.

In 2004, the President of URTiP issued in total 19 decisions suspending the execution of subscriber rights both for the fixed and mobile public telephone networks. The suspension of these rights related to the possibility for the subscribers to choose an alternative public operator providing local and intra-zone telephone services, fixed-to-mobile calls by means of preselection as well as subscriber rights related to number portability when changing an operator in both types of networks.

Costs of Operators

Tasks of the President of URTiP include the analysis of costs for the provision of telecommunications services and the verification of a net cost for universal service provided by a telecommunications undertaking. In the period covered by the Report, the President of URTiP exercised proceedings in order to set and approve an instruction on regulatory accounting and a description of cost calculation for TP S.A. telecommunications services. Results obtained from the regulatory accounting and cost calculation will be used to find out whether conditions within TP S.A. are identical to those offered by TP S.A. to other operators and to control the amount of charges for particular services provided by TP S.A.

Forward Looking Fully Distributed Cost of an efficient operator (the FL-FDC method) is applied to carry out cost calculation for universal service and retail leased lines.

Forward Looking Long Run Incremental Cost of an efficient operator (the FL-LRIC method) is applied to cost calculation for wholesale leased lines, interconnection services and local loop unbundling.

In December 2004, public consultations were conducted in respect of the methodology and value of the Weighted Average Cost of Capital (WACC). In the same month, administrative proceedings were initiated *ex officio* to determine the WACC to be applied to telecommunications services cost calculation. The proceedings took into consideration opinions of the telecommunications market collected during public consultations.

Relevant Markets Analysis

At the end of 2004, the President of URTiP issued 18 rulings on the initiation of proceedings aimed at conducting market analyses. These analyses would resolve whether 18 telecommunications markets, delimited by the Ordinance of the Minister of Infrastructure of 25 October 2004 on the relevant markets subject to the analysis by the President of URTiP, are effectively competitive.

The President of URTiP sent out letters addressed to telecommunications operators requesting them to return to URTiP forms with their responses to questions on services provided on the above mentioned 18 markets as well as to submit documents and information, of financial nature in particular, which are indispensable to assess the state of competition on the telecommunications markets.

Interconnection Market

The gradual process of telecommunications market liberalisation, also called the process of market opening, which enables the provision of services in particular markets, i.e. local, long distance and international, by other operators than the SMP operator, was connected with continued work of the Office on interconnection dispute resolution.

Taking into consideration latest tasks resulting from the new Telecommunications Law, the scope of regulatory activity was considerably broadened. Currently the President of URTiP has also powers to resolve disputes between operators without their own network (service providers). The domains of regulatory activity include:

MPs from the Committee for Infrastructure during presentation of the non-acoustic chamber at the Laboratory of URTiP



- ❑ ensuring the possibility of managing end user service by a licensed telecommunications operator,
- ❑ ensuring access to a full local loop or subloops,
- ❑ offering wholesale services for the purposes of reselling,
- ❑ granting access to interfaces, protocols or other key technologies indispensable for interoperability of services, including virtual network services,
- ❑ ensuring telecommunications infrastructure, co-location and other forms of facility sharing,
- ❑ ensuring network functions indispensable for full interoperability of services, including the provision of services in intelligent networks,
- ❑ ensuring roaming services in mobile networks,
- ❑ ensuring systems that assist operational activity or other software systems necessary for effective competition, including tariff systems, invoicing and charging systems,
- ❑ ensuring associated facilities in radio or television broadcasting,
- ❑ ensuring network or equipment interconnection and associated facilities,
- ❑ negotiations concerning telecommunications access,
- ❑ provision of services on preferential terms.

The most important regulatory measures undertaken by the President of URTiP, which affect the development of competition between infrastructural operators concerned:

- ❑ introduction of a Reference Interconnection Offer of TP,
- ❑ proceedings related to reference offers for access to a local loop and leased lines,
- ❑ determination of settlements between operators of mobile networks and TP as regards charges for fixed to mobile calls.

Regulatory Decisions and Interventions of the President of URTiP

In the period covered by this Report, the President of URTiP issued 51 administrative resolutions, including 8 decisions concerning reference offers and disputes between operators. In 17 cases the President had to intervene as a result of applications to shorten the negotiation time limit. Taking into account divergences related to the execution of decisions on interconnection, the President of URTiP issued 8 rulings to explain their content.

It should be stressed that the effectiveness of interventions undertaken by the President of URTiP is also visible during conducted proceedings. In many cases under the influence of administrative activities initiated by the President of URTiP, especially during public hearings, TP S.A. would enter into negotiations with operators it earlier refused to co-operate with. As an effect, proceedings were suspended or respective interconnection agreements were signed. From January until December 2004, twelve such cases were reported (the proceedings were discontinued).

Telecommunications Inspections

The most important inspections carried out by the Office in 2004 related to the principles and conditions for the execution of agreements and decisions on telecommunications access by telecommunications undertakings. The inspections

were initiated by the President of URTiP at the request of Telekomunikacja Kolejowa Sp. z o.o., eTel Polska Sp. z o.o., TeleNet Mielec Sp. z o.o., Netia S.A., Tele2 Polska Sp. z o.o., E-Telko Sp. z o.o., among others. Results of conducted inspections have indicated serious problems of the listed operators in the execution of agreements and decisions to which Telekomunikacja Polska S.A. is one of the parties.

One of the principal conclusions that may be drawn from concluded inspections in respect of the execution of the Regulator's decisions is that their provisions are implemented much too slowly. Results of the inspections have shown that delays in interconnection of certain operators were due to incorrect performance within organisational units of TP S.A. Cases were also discovered where telecommunications undertakings negotiated an agreement with TP S.A., which was to replace the decision taken by the President of URTiP, and afterwards the agreement was either not signed at all, or the concluded agreement was not executed.

Owing to numerous complaints of subscribers an inspection was made in TP S.A. related to the operation of a system that enables remote order placement and customer service, the so-called Blue Line. The inspection indicated several violations to the provisions of the Telecommunications Law, as a consequence of which the President of URTiP ordered having the irregularities remedied.

In 2004, four remote inspections were conducted using testing systems for the quality of telephone services. The inspections comprised measurements of indicators that characterise the quality of telephone services, such as, for example, unsuccessful call ratio, attenuation of a set-up call and properties of subscriber exchange interfaces. The inspections have shown that not all operators pay sufficient attention to the quality of provided service and parameter values that define subscriber exchange interfaces indicate, through heterogeneous values, that there is negligence in the exchange operation, including insufficient supervision of measurement services. All inspected operators were informed of the results of completed inspections and operators in the operation of which irregularities were found, were obliged to undertake remedial action.

Consumer Preferences

In October 2004, a public opinion centre (Ośrodek Badania Opinii Publicznej Sp. z o.o. – TNS OBOP) conducted a survey commissioned by URTiP, which was aimed at collecting information on how individual clients perceive services provided in fixed and mobile networks as well as Internet access services. The survey, which was a continuation of a similar study conducted in 2003, relied on a face-to-face method using a 1005-person sample group.

An analysis of the most important results of the survey carried out by TNS OBOP, which reflected preferences of customers on the telecommunications market in Poland, allows the following conclusions:

- In 2004, spontaneous awareness of TP S.A. brand amounted to 92.5% (44.3% Tele2, 23.8% Netia, 11.6% Dialog).
- In the same period, the rate of assisted awareness of TP S.A. was equal to 98.9% (Tele2 77.6%, Netia 55.6%, Dialog 22.5%).
- The highest satisfaction with provided services was acknowledged by the clients of Dialog (7.71 points), the lowest one – by the clients of TP S.A. (6.32 points,

within a scale ranging from 1 – not satisfied at all to 10 – fully satisfied). Dialog was recommended by 85.8% of its clients, Netia by 78.2%. TP S.A. was recommended by 60.3% of its subscribers.

- ❑ Respondents declared that price was their utmost priority when selecting an operator.
- ❑ Fixed telephony was most frequently used for local calls (99.2%). Long distance calls were made by 80.6% of users, calls to mobile networks by 69.2% and international calls by 19.9% of users.
- ❑ The most frequent reasons for having no fixed telephone were the possession of a mobile phone and unaffordable price of the service.
- ❑ During the past year, two new brands appeared on the mobile market, which offer pre-paid services: Heyah and Sami Swoi.
- ❑ Spontaneous familiarity with brands of the three biggest providers of mobile telephony in 2004 was respectively: Era – 71.2%, Idea – 66.7%, Plus – 61.6%.
- ❑ Assisted awareness rate for Era amounted to 88%, for Idea 86.5%, and for Plus – 82.5%.
- ❑ Biggest satisfaction with their provider of mobile services was acknowledged by the clients of Heyah (9 points within a scale from 1 – not satisfied at all to 10 – fully satisfied). The Heyah brand was recommended by 80.9% of its clients. Among the clients of Idea, 76.6% of clients would recommend their operator, among the clients of Plus – 65.3%, and Era – 60%.
- ❑ People without a mobile phone have most frequently stated that a fixed telephone was sufficient for their needs (55.6%). For 33.6% the mobile phone was too expensive.
- ❑ In 2004, 13.7% of all respondents planned to purchase a mobile phone. Their majority intended to use services provided by Idea (45.4%).
- ❑ In 2004, Internet was most frequently used at home. 61.5% of the respondents stated that they had access to Internet at home. 17.1% of the respondents as a rule used Internet access at work, 15% at an Internet cafe, 14.9% at school, and 12.7% at somebody else's place.
- ❑ In most cases access to the Internet in households was obtained through an always-on service (36.2%), 24.2% had a dial-up connection.
- ❑ In 2004, half of the people using Internet used that medium every day, which is by 20% more respondents than in 2003.

A comparison of results obtained in the survey that was conducted in 2004 and the one made in 2003 demonstrated that an increasing number of telecommunications providers enabled better competition on the telecommunications market and this, in turn, affected favourably consumers who had better options for the selection of their telecommunications provider.

An analysis of these results shows that in the forthcoming years the number of telecommunications undertakings will continue to grow, which should contribute to more attention to the customer and to the improvement in the quality of provided services.

Postal Services Market

In executing tasks set out in the Postal Law, the President of URTiP focuses first of all on the superior objective which complies with the spirit of the EU Directives, i.e. supervision and surveillance over a market that undergoes successive stages of liberalisation, with constant monitoring of the service quality levels and respecting the principles of fair competition. In respect of the postal market, the President of URTiP fulfils regulatory, control, mediatory and inspiring functions.

The Postal Law has specified that a public operator, which is Poczta Polska, is to operate on the domestic market in parallel with other operators acting on the basis of an authorisation or an entry in the register of postal operators. Consequently, the market of postal services in Poland is divided into four key types of areas:

- ❑ reserved for the public operator,
- ❑ requiring an authorisation,
- ❑ requiring an entry in the register of postal operators,
- ❑ entirely independent area.

Universal Service

Pursuant to the provisions of the Postal Law of 12 June 2003, Poland has a public operator, which is the State-owned Public Utility Company Poczta Polska. Poczta Polska has the obligation to provide universal postal service on the territory of the Republic of Poland, in domestic and international traffic in a continuous and uniform way, in comparable conditions and at affordable prices, maintaining the quality required by the law.

The pace of postal market liberalisation considerably accelerated due to Poland's accession to the European Union and the necessity for adapting postal regulations to the Community *acquis*. This brings us closer to the implementation of a principal aim of the Community, namely full postal market opening to competition and, as a consequence, the establishment of a single European postal market starting from 2009. The area reserved for the public operator is gradually decreasing in terms of the weight and price criteria. By the end of 2005, as a result of negotiations held in Copenhagen, Poland is to benefit from a transition period in the opening of a reserved area. The upper weight limit in the reserved area is at present 350 g and 3-fold charge of Poczta Polska for the fastest delivery of a postal item in the lowest weight category. Starting from 1 January 2006, this level will be lowered to 50 g and a 2.5-fold value of this charge (thus making the conditions of operation equal for all EU Member States).

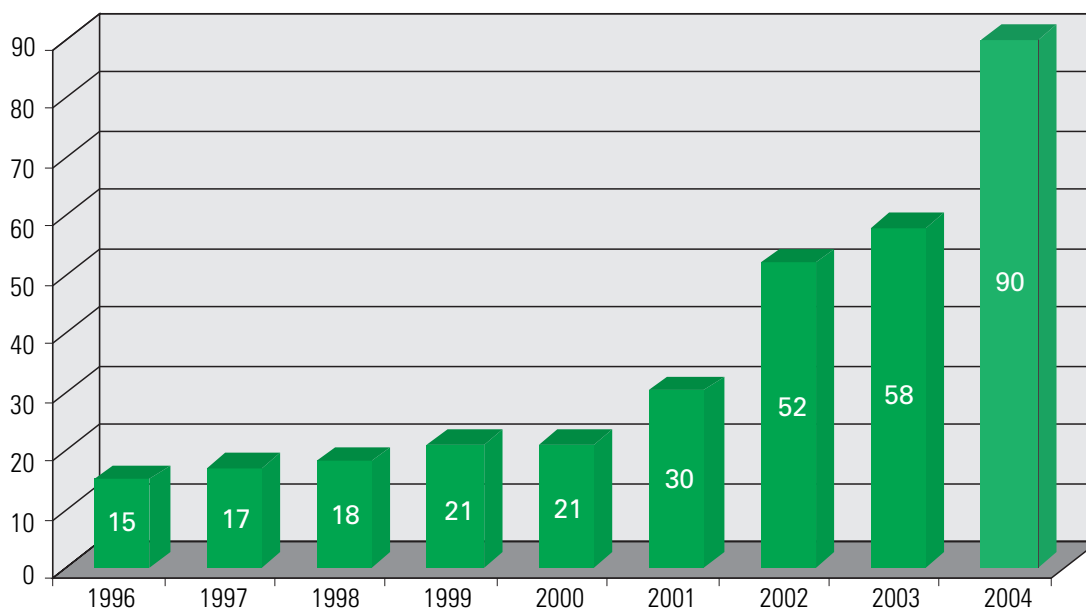
Private Operators

As of 31 December 2004, 90 private operators were active in Poland on the basis of granted authorisations and entries in the register, including:

- ❑ 31 operators operating on the basis of an authorisation,
- ❑ 7 operators on the basis of an authorisation and entry in the register of postal operators,
- ❑ 52 operators on the basis of an entry in the register of postal operators.

In the period between 1996 and 2004, the number of private operators grew by six times (from 15 to 90 operators). The highest percentage growth as compared to the preceding year was recorded in 2002 (+ 73%) and 2004 (+ 55%).

Number of private operators in the period 1996-2004 (as of the end of each year):



Out of 90 postal operators, 19 have at their disposal 454 regional points of contact. In total, postal operation of private operators is run in 544 points of contact all over Poland (head offices + regional points of contact).

The following operators have the biggest number of regional points of contact: Servisco (65), Masterlink (52), Rainbow Service (48), Stolica (46), Opek (44), Speedex (43), Siódemka (41).

Foreign capital is engaged in 16 companies. In 8 of them 100% of shares are held by: the German capital (Servisco, RGW Express, Federal Express Poland), the French capital (Masterlink Express), the Dutch capital (TNT, GLS), the Austrian capital (Cargo Partner Spedycja), the American capital (UPS Polska, World Courier Poland) and the capital from Luxembourg (Rainbow Service Express).

The biggest group is constituted by private operators authorised to run postal operation in the area of entire Poland (33 operators) and in the area of Poland and abroad (30 operators). Only one operator (Kurierserwis Sp. z o.o.) has limited the scope of its operation exclusively to the provision of postal services in international traffic.

Division of postal operators according to the area of operation

AREA OF OPERATION	NUMBER OF OPERATORS
International	1
International and domestic	30
Domestic	33
Local:	26
– province	24
– town, county, district	2

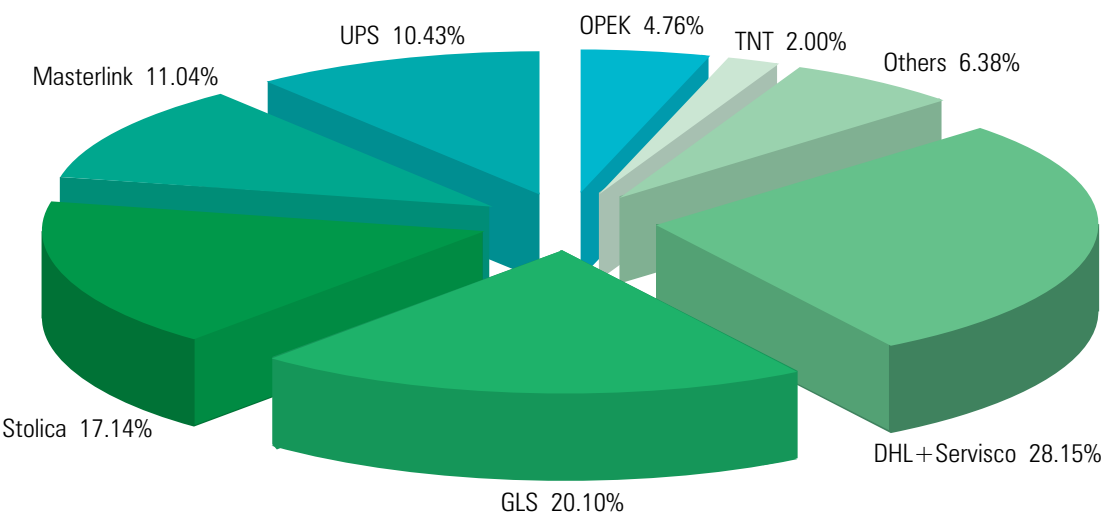
The most frequent form of operation of postal operators is a limited liability company; almost half (46%) of the number of operators currently included in the register have such a legal form.

The dynamic development of the Polish postal services market may be further proven by an increase in the postal services volume from over 81 million pieces in 2003 to almost 326 million pieces in 2004.

Poczta Polska continues to be a key enterprise providing postal services and is also designated to provide universal service. It is also an important employer that generates more than 100,000 work places and has well-developed infrastructure over the entire area of Poland. Poczta Polska has dominant position in the market for letter items.

On the other hand, the market for courier services is fully competitive and dominated by private operators. Services are considerably concentrated here – 87% of this market is held by six companies: DHL and Servisco (German capital), GLS (Dutch/British capital), MS Stolica (Polish-American capital), Masterlink (French capital), UPS (American capital).

Shares of major private operators in the market for courier services



Source: Postal operation reports from particular operators; estimates based on figures for 2003 were assumed for DHL Servisco and UPS.

Universal Service Operator Monitoring

The Office carried out several inspections of the public operator Poczta Polska related to: timely deliveries of postal items, the adaptation of postal points of contact to the provision of services for persons with disabilities and the operation of postal agencies.

Timely delivery of standard letter items in the area of Poland

In the period covered by the Report, inspections of timely deliveries of letter items were for the first time carried out according to the requirements resulting from European standards (EN 13850 and EN 14508).

General rates related to timely deliveries of standard letter items obtained as a result of inspections are higher than standards determined in legal regulations and amount to:

- for second-class items: 90.33%,
- for first-class items: 92.99%.

The rate value is also higher than European standards stipulate for that scope.

Evaluation of Preparedness to Provide Services for Disabled Persons in Postal Points of Contact

The inspection of preparedness to provide services to people with disabilities in postal points of contact covered in total 1,616 points of contact, which constitutes 19.4% of all such points of contact providing postal services (825 points of contact were inspected in urban areas, which is 21.7% of all municipal points of contact, and 791 offices in rural areas – 17.4% of the total number of points of contact in rural areas).

The completed inspection has shown that only 186 out of 1,616 inspected postal points of contact (which constitutes 11.5% of the total number) were fully adapted to provide services to disabled persons using wheelchairs, and the percentage of points fulfilling all necessary criteria subject to inspection was higher in towns than in rural areas. Out of all inspected points of contact located in towns, 14.9% were fully adapted to the needs of persons with disabilities, while in rural areas only 8% were equipped with all facilities required by the law.

Postal Agencies Monitoring

The purpose of the inspection was to establish the scope of postal services provided by postal agencies as well as the working time of postal agencies. The inspection covered 160 postal agencies (ca 6%) out of 2,639 such agencies operating in Poland. The inspections covered a total of 53 agencies located in urban areas and 107 in rural areas.

It was found that the most frequently provided services are: the clearance of standard and registered letter items up to 2,000 g and postal money orders. In the above mentioned cases the scope of provided services is almost 100%. The lowest result was recorded for the clearance of postal parcels up to 10 kg – only 52.50% of agencies provide such services.

It should be borne in mind that none of the inspected agencies operating in urban areas collected notified postal parcels (in domestic and foreign traffic). As regards notified postal items, the participation of postal agencies in the provision of such services is quite low (ranging from 25 to 11.25%), which proves that the needs of clients in this scope are satisfied to a small extent.

The completed inspection has shown that the inspected postal agencies tend to perform basic posting services as a rule, and only 7 out of 160 carry out a full range of universal postal services. As a rule inspected postal agencies are open 5 days a week. The observed minimum working time of a postal agency amounted to 4 days a week and the maximum was 7 days.

Private Operators Monitoring

In 2004, 45 operators acting on the basis of authorisations and notifications (a total of 237 units) were inspected including:

- 29 operators running postal operation on the basis of an authorisation or a notification (now: entry in the register),

Meeting of the parliamentary Committee for Infrastructure with the management of URTiP



- 16 operators acting on the basis of a notification of postal operation (now: entry in the register).

In 2004, inspections were also performed to control the operation of 47 entities suspected of postal operations without an authorisation.

Public Opinion Surveys

PBS, a Public Opinion Research Centre, performed a public opinion poll commissioned by URTiP which was related to clients' satisfaction with the quality of universal postal service provided by the public operator. This survey was carried out in November on a general representative random sample of 1,068 Poles aged 15 and over, and on a sample group of 33 entities using direct mail services.

Results of the survey make it possible to determine potential threats that Poczta Polska will have to face when the market of universal postal service becomes competitive. Even though individual clients have a good opinion about the functioning of Poczta Polska, they have considerable difficulties with specifying in detail their expectations in relation to services provided by this operator. As there are no possibilities for offer comparison, the clients are also unable to assess whether universal postal service is cheap, expensive, or worth its price.

If a competitor providing the same services appears on the Polish market, Poczta Polska will be likely to lose its key clients – individuals living in towns, with better education, higher income, who frequently use other postal services than merely standard postal items. This group pays considerable attention to such aspects as speed, timely delivery, service efficiency and relation of price to the quality of postal service. This allows the presumption that another operator may gain clients not only by promoting cheaper services, but also by offering better quality services.

Regulation Strategy of the President of URTiP

On 28 February 2004, the President of URTiP approved the *Regulatory Strategy of the President of URTiP related to the market of postal services for the period of 2004-2009*. This strategy has a dynamic character and monitoring its implementation inspires constant improvements.

The Strategy determined both the mission of the President of URTiP, which is: *Through fulfilling the regulatory function to establish conditions for harmonious development of the postal market increasing customers' satisfaction*, as well as strategic goals which include:

1. Ensuring non-discriminatory access to high quality universal postal service provided at affordable prices according to the requirements specified in the Polish law and European Union Directives.
2. Creation of conditions for the improvement of postal services provided to the public by promoting competition contributing to the development of the market.
3. Assisting harmonised implementation of the adopted programme for gradual liberalisation of the national postal services market.
4. Active influence on the national policy with respect to the postal services market conforming to modern trends and taking into consideration existing internal conditions.
5. Improvement of the regulatory authority's quality of work as well as the effectiveness and efficiency of co-operation and communication with the external environment.
6. Ensuring that postal operators are ready to perform tasks for the purposes of defence, state security and public law and order.

Radiocommunication

Frequency Spectrum Management

Pursuant to the Telecommunications Law, the President of URTiP manages frequency resources according to the National Table of Frequency Allocations implemented under the Ordinance of the Council of Ministers. According to the National Table, the President of URTiP specifies detailed plans for the use of particular frequency bands.

Frequency usage plans constitute one of the most important instruments for the performance of statutory tasks of the President of URTiP within the scope of radio spectrum management. Under the law the President, having sought an opinion from the Telecommunications Council, specifies frequency usage plans. These plans in particular take into account the state policy related to the frequency resources management, radio and TV broadcasting, telecommunications, compliance with the requirements related to electromagnetic compatibility, fulfilling requirements in respect of state defence and security as well as agreed frequency allocations within the European Union.

In December 2004, the President of URTiP defined frequency usage plans for the following bands:

- 1710-1785 MHz and 1805-1880 MHz, for digital mobile telephony in the GSM 1800 standard,
- 1900-1980 MHz and 2110-2170 MHz, for digital mobile telephony in the UMTS standard and modifications in the frequency usage plans for the following bands:
- 3.4-4.2 GHz,
- 27.5-29.5 GHz.

Of equal importance for the frequency spectrum management is close co-operation with other administrative bodies that have and use the spectrum. An effect of such co-operation is an agreement concluded on 24 July 2002 between the Minister of National Defence and the President of the Office of Telecommunications and Post Regulation in order to lay down the principles and schedule for the mutual transfer of particular frequency bands between the Armed Forces of the Republic of Poland and URTiP as well as co-operation in respect of spectrum management.

The schedule for the mutual transfer of particular frequency bands effectively harmonises the allocation of frequencies in Poland with European and world-wide regulations.

In 2004, works were under way to extend the schedule by further frequency bands in order to create conditions for an earlier and more comprehensive launch of digital terrestrial television DVB-T in Poland. A draft annex to the agreement is in the final stage of agreements with the representatives of military authorities.

Tenders for Frequency Reservations

In 2004, provisions of the Telecommunications Law on frequency reservations through tender procedures were applied for the first time. One tender procedure was completed and preparatory works started for further procedures.

The completed tender procedure concerned the reservation of 10 duplex channels of 3.5 MHz bandwidth in the 3.6 – 3.8 GHz band in fixed radiocommunication service involving the entire national territory. Frequencies within this band have been allocated for fixed wireless access (i.e. for telephone services and broadband Internet

access). On 28 December 2004, the President of URTiP issued relevant decisions on the reservation of these frequencies for three entities.

In addition, at the end of 2004 preparatory works started in order to assign the remaining 18 duplex channels of 3.5 MHz bandwidth in the 3.6 to 3.8 GHz band. It was decided that consultations and tender procedures are to take place in the first half of 2005.

Releasing new frequency resources by the army in the band designated for the GSM 1800 system, which took place on 1 January 2004, as well as the availability of additional frequencies designated for the UMTS system established opportunities for further development of the mobile network and services.

Prior to a final decision on how available frequencies for the mobile telephony should be managed, in March 2004 the President of URTiP invited telecommunications circles to a public discussion concerning the possible use of these frequency resources. The discussion was aimed at understanding and presentation of opinions from the circles close to the telecommunications market as well as at defining the potential interest of operators.

The result of a public discussion concerning the method of available frequency resources use for the UMTS and GSM 1800 mobile telephony systems as well as the position of the President of URTiP on this issue were announced in July 2004.

Next, the *Concept of tender procedure for the use of 1800 MHz and UMTS frequency bands* was prepared. To implement the concept related to allocating available frequencies, a team appointed by the President of URTiP prepared documents necessary to start and conduct tender procedures related to the use of frequencies in the UMTS and GSM 1800 mobile systems. The tender procedure itself will be completed in the first half of 2005.

HM 020 triple loop antenna



Land Mobile Radiocommunication

Despite dynamic development on the market of public mobile networks operating in the GSM 900, GSM 1800 and UMTS standards, the majority of land mobile radiocommunication systems are still traditional individual PMR networks, in which almost 75% of the entire radiocommunication equipment of mobile services is operating.

In the past years some stabilisation was observed as regards the demand for new assignments for conventional mobile systems. The table below presents the spectrum utilisation within particular frequency bands, which are in partial use by civil services:

Frequency band for mobile networks	Description of frequency utilisation at the end of 2004
48 – 50 MHz	Spectrum utilisation is particularly intense. Only local frequency assignments are possible.
69 – 85 MHz	Moderate utilisation. Possibilities for local assignments and usage over the entire national territory. As the available radio devices operating within this band are expensive, this band is of little interest to users of the mobile network.
147 – 174 MHz	In intensive use, with a need for new frequencies. Only local frequency assignments are possible.
420 MHz	<ul style="list-style-type: none"> □ the 412-416.2/422-426.2 MHz frequency band, allocated to TETRA civil trunked radio, is currently in little use. Despite issued frequency reservations, 2 x 2.1625 MHz still remain available, □ the 416.2-420/426.2-430 MHz frequency band is in intensive use by conventional RRL networks and there is still huge demand for further frequency assignments.
450 MHz	<ul style="list-style-type: none"> □ the 452.5-457/462.5-467 MHz frequency band, in the past used by first generation analogue mobile network NMT, at present is mainly used for subscriber radio access, □ the 457-460/467-470 MHz frequency band is intensively used for the purposes of national and regional trunked networks and data transmission networks.
GSM 900 MHz and GSM 1800 MHz	Changes in the use of frequencies concern the construction of new stations only to a small extent – they comprise mainly modifications to the parameters of existing stations to allow network optimisation.

In 2004, in land mobile radiocommunication service URTiP issued: 7 decisions on the frequency reservation, 7 decisions refusing such a reservation, 407 radio licences for mobile networks, 42 administrative decisions amending issued radio licenses, 9 administrative decisions cancelling radio licences as well as 277 radio licences for base stations operating in the digital mobile network in the UMTS standard. The above figures refer exclusively to cases handled by the URTiP head office in Warsaw.

In addition, 979 applications for co-ordination submitted by communications administrations of the neighbouring countries were handled and co-ordination of 5,638 Polish stations was executed, both civil and those in use by the Ministry of the Interior and Administration and by the Ministry of National Defence.

Apart from the above mentioned co-ordination activities conducted by correspondence, employees of the Office also participated in international meetings

concerning the principles and procedures of co-ordination in mobile service with representatives of administrative bodies from Belarus and Lithuania in Nida and with representatives of the Ukrainian administration in Kiev.

Fixed Radiocommunication

In 2004, an increased interest in digital radio lines of Point-to-Point (PP) and Point-to-Multipoint (PMP) type was reported in fixed radiocommunication service for location in major urban areas. There was considerable interest in systems designated for PMP system, such as LMDS (Local Multipoint Distribution Systems) and MWS (Multimedia Wireless Systems) used, first of all, for data transmission.

The utilisation of particular frequency bands was particularly intense for PP and PMP systems, especially in major urban areas. Only local frequency assignments are possible in these bands.

In 2004, in fixed radiocommunication service URTiP issued: 8,698 radio licences, 75 decisions on frequency reservations, 687 decisions amending previously issued radio licences, 456 decisions cancelling radio licences, 34 decisions refusing the issuance of a frequency reservation or a radio licence. In addition, 485 frequency assignments for foreign stations operating in radio-relay systems were co-ordinated.

Satellite radiocommunication

In the period covered by this Report, a fall in the efficient utilisation of radio spectrum by fixed and mobile satellite services was recorded. An objective cause for such a situation not only in Poland, but also in other countries, is the development of terrestrial broadband infrastructure (e.g. optical fibres). This technology is competing with satellite radiocommunication owing to lower costs of operation and absence of a signal delay.

In Poland an additional cause for regression in the development of satellite radiocommunication within fixed satellite service is the necessity to obtain radio licences even for those earth satellite stations that operate in harmonised frequency bands, and hence require no co-ordination. Also of some importance is high stamp duty for obtaining a radio licence, which is a burden in particular to small satellite stations of the VSAT type.

To increase spectrum availability for satellite radiocommunication systems, the President of URTiP, based on ECC decisions, undertook actions aimed at exempting from individual licensing obligation some types of VSAT networks. Legislative initiatives in this scope lie with the Minister of Infrastructure.

In mobile satellite service also a decreased efficiency of spectrum utilisation was recorded owing to a rapid development of the GSM mobile networks, which are much cheaper in operation. Yet the development is taking place as this service was approved by the WRC-03 decision to operate on satellite transponders in fixed satellite service. This allowed the operation of earth satellite stations on board of ships (Ku-band and C-band) and on board of aircrafts in the Ku-band. On the basis of the above decision adopted by WRC, the President of URTiP granted consent to the operation of earth satellite stations on board of aircrafts flying over the territory of Poland on the route Frankfurt – Tokyo and London – Tokyo.

In 2004, in satellite radiocommunication URTiP issued in total: 757 radio licences for earth satellite stations of VSAT type, point-to-point lines, satellite broadcasting feeder links and SNG stations, as well as 799 decisions amending or cancelling the issued radio licences. In addition, 44 international co-ordinations were performed at the request of foreign administrations of Germany, Ukraine, Belarus, Russia, Norway and Estonia.

Maritime, Aeronautical and Amateur Radiocommunication

In 1999, Morse telegraphy in maritime mobile service communications was given up and that caused an almost entire release of the medium wave band, which is presently used in Poland to a limited extent by radiobeacons, established under the IALA plan (International Association of Lighthouse Authorities). The development of mobile telephony and satellite communications, accompanied by reduced interest in conventional commercial communications at short and medium waves, imposed a reorganisation in the operation of Polish coast stations open to public correspondence. As a consequence, Poland withdrew from active usage of several frequencies in these bands.

In aeronautical radiocommunication increased interest is reported in the frequency assignments from the 117.975–137.000 MHz band designated for VHF voice communications. This is directly linked to the development of general aviation in Poland and to the construction of new airports and landing areas. As of 1 January 2003, the channel raster decreased from 25 kHz to 8.33 kHz in the Polish airspace above the flight level FL 245 (7,450 m), which opened the possibility for increasing the number of available channels in this band from 760 to 2,280.

After a significant increase in the number of amateur radio operators at the beginning of the 90's of the 20th century, for the past few years the number of active users has remained at a constant level. According to estimations of the Polish Amateur Radio Union, ca 11,000 amateur radio operators out of those 18,000 who have registered on the basis of issued amateur radio licences are operating actively. Thus, it can be expected that in the forthcoming years interest in amateur radio operation may show trends for a slight growth.

The amendment to the Ordinance of the Minister of Infrastructure related to transmitting or transmitter-receiver radio equipment to be used without a licence regulated the issue of CB-radio usage, exempting from the obligation to obtain radio licences for the majority of radio devices operating in this band.

In respect of maritime radiocommunication URTiP granted in 2004 117 MMSI identity numbers and 10 ATIS numbers in inland sailing. As regards aeronautical radiocommunication, 565 licenses for on-board communication stations and airport stations were issued and 1,802 certificates of radio equipment operators were either issued or renewed. On the other hand, in amateur radiocommunication 16 licences for foreigners were issued and 792 certificates of radio equipment operators were issued or replaced.

Taking into account high saturation of the market by coast stations established in the past years as well as limited interest in business operation in the maritime sector, which results from the reduction of the Polish oceanic and Baltic fleet, a drop can be reported in the number of new coast stations which require frequency co-ordination.

In 2004, 12 applications for co-ordination were handled, submitted by communications authorities of neighbouring countries.

In aeronautical radiocommunication service, frequencies allocated for the purposes of civil aviation are co-ordinated, in co-operation with the Polish Air Traffic Agency, at the ICAO EUR FMG meetings (International Civil Aviation Organisation European Frequency Management Group) gathering users of European airspace.

Monitoring and Measurements of Radio Signal Parameters

Regular radio spectrum monitoring in the area of major agglomerations was performed using monitoring and measurement equipment as available in fixed and mobile measurement stations. Such inspections contribute to the maintenance of order in the air and facilitate the elaboration of new measurement methods and procedures. Only in rare cases the measurements discovered exceeded permissible values of parameters. The monitoring of broadcasting bands, for years performed on a weekly basis, hardly ever revealed the existence of illegal transmitters.

In addition to the primary monitoring and measurement activity, a series of actions were performed in respect of the maintenance and development of measurement apparatus and systems.



Preparations for the measurement of field strength

Broadcasting

Analogue Radio Networks

Owing to quality parameters of transmitted sound in VHF radio broadcasting as compared to medium wave broadcasting, at present medium waves are not too popular and are not used extensively. The implementation of DRM (Digital Radio Mondiale) may be an opportunity for the stimulation of broadcasting at long, medium and short waves.

Frequency management in the short wave band takes place through international co-ordination of frequency management plans. In the period covered by the Report, frequencies in the above bands were only used by Radio Polonia – Polish Radio Programme for Abroad and all needs of this broadcaster were fulfilled by URTiP.

In 1984, a Regional Administrative VHF Broadcasting Planning Conference took place in Geneva at which a frequency plan for high power radio broadcasting frequencies was adopted for the entire Europe and the majority of countries in Africa and Asia. This plan assumed for Poland high and medium power frequencies to allow the establishment of 5 and 1/2 nation-wide networks (a nation-wide network is a system of transmission stations with population coverage exceeding 80%) within the VHF FM 87.5 – 108 MHz band.

The above resources enabled the launch of:

- ❑ a nation-wide network (Network I) for the transmission of Polish Radio Channel 2 (PR2),
- ❑ a nation-wide network (Network II) for the transmission of Polish Radio Channel 3 (PR3),
- ❑ a nation-wide network (Network III) divided between 17 regional companies for the transmission of public radio regional programmes,
- ❑ a nation-wide network (Network IV) for the transmission of RMF FM,
- ❑ a nation-wide network (Network V) for the transmission of Radio ZET.

Based on the remaining high power frequencies supplemented by low power stations subject to separate co-ordination, Radio Maryja network was established in addition to several regional mini-networks used by diocesan and commercial radio stations. Several local radio stations are operating using newly added low power frequencies.

At present, considerable level of spectrum occupancy in VHF and UHF bands can be observed. Further development of the radio and television market in these bands will only be possible after T-DAB and DVB-T digital broadcasting have been implemented in Poland.

The usage of long, medium, short and very short waves in Poland is subject to technical and historical conditions and the method of their usage must be adequate to the purposes of radio broadcasting.

Long waves, which as a rule operate with high powers, are more global in character than VHF waves and the geographical coverage of long waves is independent of the time of day or season of the year. The nation-wide coverage of the Polish Radio Channel 1 (PR1, public broadcaster) is ensured by broadcasting at long waves at 225 kHz. Thanks to a ionospheric wave PR1 can be received far away from Poland.

To improve the coverage of the Polish Radio PR1 and PR Bis, the President of URTiP launched a number of activities to select and co-ordinate new frequencies. In major urban areas additional simulcast broadcasting of the Polish Radio Channel 1 in UHF

FM was planned. The activities in question were undertaken in well understood interests of radio recipients to improve the quality of reception. Yet only digital terrestrial broadcasting will be a chance to ensure full coverage by all public radio nation-wide programmes.

Coverage and number of public UHF/FM radio stations as of the end of 2003 and 2004

Radio network	Geographical coverage	Population coverage	Number of stations
Polish Radio Channel 1	22.8% / 23.1%	41.7% / 54.7%	42 / 46
Polish Radio Channel 2	82.9% / 76.8%	84.0% / 79.3%	43 / 40
Polish Radio Channel 3	91.2% / 90.0%	94.2% / 94.2%	41 / 41
Polish Radio Bis	39.9% / 50.4%	55.4% / 70.0%	40 / 43
Regional channels (radio stations in total)	95.7% / 93.0%	97.1% / 97.4%	84 / 87

In non-public broadcasting three nation-wide networks are operating with the following radio programmes: RMF FM, Radio ZET and Radio Maryja.

Coverage and number of nation-wide private radio stations as of the end of 2003 and 2004

Radio network	Geographical coverage	Population coverage	Number of stations
RMF FM	90.4% / 90.5%	93.7% / 96.2%	48 / 49
Radio ZET	81.6% / 84.8%	85.2% / 89.6%	48 / 50
Radio Maryja	67.2% / 67.2%	76.7% / 83.7%	121 / 120

Analogue Television Networks

Telewizja Polska S.A. has in use 388 television channels divided into three public television networks, including 104 channels with equivalent radiated power (ERP) exceeding 10 kW. Nation-wide coverage for TVP1 and TVP2 programmes is almost full and will be further increased due to the launch of successive transmission stations, for which frequencies have been reserved in the Stockholm '61 plan.

Of importance in respect of improvement in the coverage of TVP1 and TVP2 programmes is the launch of five transmission stations in Ostrołęka, Gniezno, Łódź, Krynica and Warsaw.

Number of stations and coverage of TVP (Polish public TV) at the end of 2003 and 2004

Channel	Number of stations 2003/2004			Coverage 2003/2004	
	10 kW and more	up to 10 kW	Total	Population %	Geographical area %
TVP1	40/40	136/136	176/176	98.35/97.8*	99.3/96.3*
TVP2	46/45	121/125	167/17	97.9/97.8*	98.9/93.7*
TVP3	19/19	21/23	40/42	72.0/68.1*	53.0/49.0*

* In preceding years calculations were made for the minimum, instead of protected field strength (a difference of merely 1dB for UHF and 2dB for VHF), hence in all cases lower values were obtained than in the preceding years, especially for geographic coverage.

The President of URTiP received requests to extend the coverage of TVP3 programme broadcast by TVP Regional Centres. TVP3 is available almost in half the area of Poland and potentially two-thirds of the Polish population can receive it. Further development of the TVP3 network may take place after digital terrestrial television has been implemented. In 2004, only small development of TVP3 was made due to changes in the allocation of TV channel No. 39 of the Czuluchów station (TVP3 broadcasting instead of TVP2) and in the characteristics (from directional to non-directional) of the Poznań/Śrem station operating in TV channel No. 52.

Commercial television broadcasters hold 131 TV channels, including 44 with ERP exceeding 10 kW. This includes the Polsat nation-wide television network and three "dispersed" networks: TVN, TV4, TV Puls.

Number and coverage of Polish non-public television stations at the end of 2003 and 2004

Channel	Number of stations 2003/2004			Coverage 2003/2004	
	10 kW and more	up to 10 kW	Total	Population %	Geographical area %
Polsat	33/33	34/30	67/63	86,0/78.8%*	70,0/63.3%*
TVN	6/7	26/25	32/32	46,0/41.4%*	18,3/15.4%*
TV4	3/3	11/11	14/14	27,0/24.3%*	14,0/10.6%*
TV Puls	1/1	8/7	9/8	17,0/15.6%*	5,95/4.1%*
Other	-	13/14	13/14		

* In preceding years calculations were made for the minimum, instead of protected field strength (a difference of merely 1dB for UHF and 2dB for VHF), hence in all cases lower values were obtained than in the preceding years, especially for geographic coverage.

Digital Terrestrial Broadcasting

In May 2004, the first Regional Radiocommunication Conference session (RRC-04) took place in Geneva for ITU region 1 (Europe, Africa and part of Asia) dedicated to preparatory works for the elaboration and approval of a regional frequency management plan in bands III, IV and V for digital radio and television broadcasting. During the first conference session common technical parameters and procedures were prepared, necessary for the development and agreement of a digital plan during the second conference session planned for May and June 2006.

After the RRC-04 conference intense planning and co-ordination work started. The effects of this planning are seven final DVB-T networks in band IV and V, obtained by the method based on potential reservation areas (allotments). Each network coverage comprises more than 30 allotments using channels from 21 to 69, enabling the creation of nation-wide, regional and local multiplexes. The coverage of one region may be achieved by one high power transmitter or a single frequency network SFN. The agreement process of these networks with the neighbouring countries, lately intensified but ongoing for a few years already, is practically about to be completed. During co-ordination meetings plans of digital networks in particular countries were discussed, and their mutual compatibility. In 2004, ten co-ordination meetings were held.

Ensuring conditions for digital television operation in the so-called transition period, before a final analogue switch-off, was just as important as the elaboration of final plans. Lower sensitivity to interference and lower necessary signal levels made it possible to plan two DVB-T networks in addition to the existing analogue networks.

Their full launch depends on many factors, such as successful completion of international co-ordination, decisions to switch off several low power stations (gap fillers), the release of channels used by the Ministry of National Defence. Obtaining full nation-wide coverage by two networks in such conditions would be connected with a long lasting development period of these networks, and consequently with a particularly long and exhausting to broadcasters period of simulcast analogue and digital broadcasting. A decision was taken that it would be much more effective to implement digital terrestrial television by means of forced transition model (island by island).

Initial digital networks as well as the schedule for island by island implementation also require international co-ordination, which is under way.

DVB-T trial transmissions

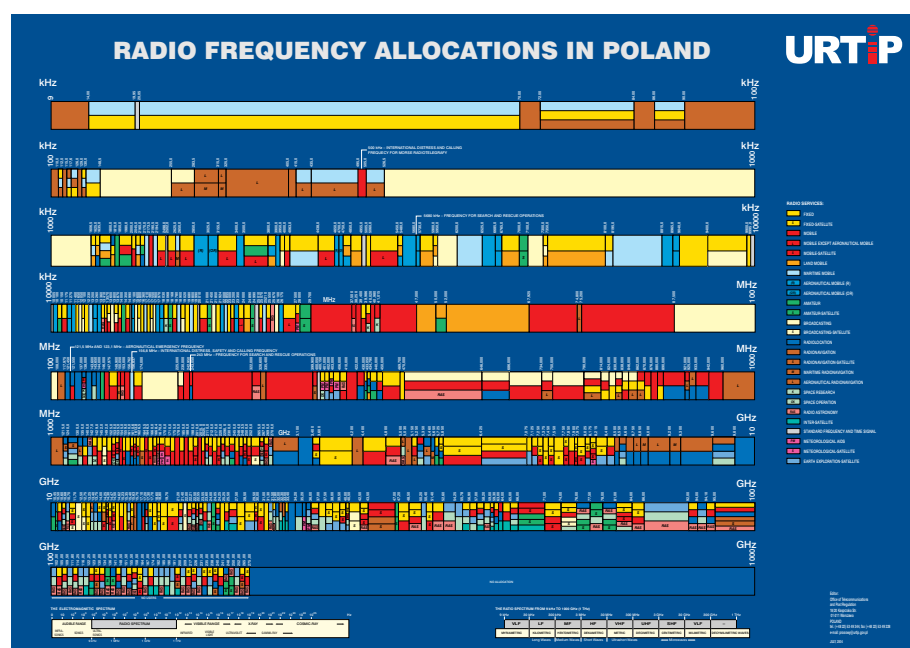
The DVB-T broadcasting of three Polish Television programmes (TVP1, TVP2 and TVP3) from the transmission centre in Sucha Góra in the vicinity of Krosno was launched in April 2004 in order to perform tests and measurements and to increase access to public TV programmes (including, first of all, the programme of TVP regional centre in Rzeszów) for the inhabitants of podkarpackie province. The launch of digital television in that area was the only solution to a lack of coverage by TVP3 regional channels.

The effects of this experiment proved to be so promising that under pressure exerted by the local community, the Polish Television took a decision to launch an identical trial procedure in Silesia from the Wisła-Skrzyczne station.

Work on the Governmental Strategy for Digitalisation

In January 2004, the President of the Council of Ministers appointed a Governmental Committee for Digital Television and Radio Broadcasting in Poland. The principal task of the Committee is to elaborate a governmental strategy for the implementation of digital radio and television broadcasting, taking into account Polish economic, social and market conditions. Work organisation and factual backing of the specialised working group for frequency planning were entrusted to

National Table of Frequency Allocations



the President of URTiP. Work done by this group was supported by the Team for Digital Terrestrial Broadcasting, appointed by the President of URTiP in 2002.

In November 2004, the group presented to the Governmental Committee the effects of its work in the form of draft plans for initial and final networks for digital broadcasting within the VHF and UHF band, conditions for the launch of nation-wide initial networks, a proposed model for the implementation of digital terrestrial television in Poland with a division into stages, as well as proposed technical parameters of transmission in the so-called transition period.

Digital Radio Broadcasting

The first RRC-04 session confirmed the need to allocate the broadcasting frequency band III both to DVB-T and T-DAB. The new approach plan comprised an attempt at co-ordinating three layers (nation-wide networks) in the upper part of band III, each using all 4 DAB blocks from one channel in one network.

Simultaneously, a decision was taken that after analogue television broadcasting had been switched off in that band, a change in the channel raster would take place from 8 MHz to 7 MHz. This will enable Poland to harmonise the division of the band into channels with Western European countries and, first of all, to adapt the DAB block width to television channels bandwidth (with a channel raster of 7 MHz 4 DAB blocks are within one channel). Representatives of URTiP endeavoured to convince representatives of neighbouring countries' administrations to this change. The Czech Republic, Slovakia and partly also Ukraine confirmed such an intention. Nevertheless, as Russia expressed a negative standpoint on this issue, the remaining countries, with which Poland borders to the east, did not agree to such a change, which led to co-ordination problems.

Independently of the above problems, planning and preliminary co-ordination of the above mentioned three T-DAB layers in band III succeeded.

In 2004, preparatory works were also continued to create in Poland conditions for the implementation of the DRM digital radio broadcasting in the bands below 30 MHz (traditional radio AM broadcasting at long, medium and short waves).

Participation in EU Expert Teams

As the European Union is interested in a development of digital television in its 25 Member States, representatives of the Polish communications administration are invited to take part in European expert groups and bodies, facilitating consultations and an exchange of experience. The Communications Broadcasting Issues Subgroup (CBISS) appointed by the Communications Committee (Cocom) was during the past year an excellent platform for an exchange of experience and information on the models for DVB-T implementation in different countries, anticipated deadlines and conditions for analogue switch-off, the pace and conditions for the introduction of wide screen and high definition television, the need for a common European policy related to current standards for receiver equipment and interactive services.

Another initiative which Polish experts from URTiP joined was the European programme for digital television called Digital Innovation through Co-operation in Europe (DICE). Apart from Poland, further 6 countries are participating, which are at diverse stages in DVB-T implementation. It is an information and experience exchange forum between countries that are fairly (Lithuania, Hungary) or moderately (Austria, Denmark) advanced in digital broadcasting as well as countries that have considerable experience in this domain (Germany, Great Britain, Sweden).

National and Foreign Frequency Co-ordination

URTiP prepared 574 documents concerning international agreements in respect of technical conditions for the use of Polish broadcasting stations and prepared 935 opinions in response to co-ordination questions related to technical parameters of foreign radio and television stations.

In addition, the parameters of 72 foreign T-DAB stations were agreed. In relation to the seasonal HFCC conference, international co-ordination of plans for short wave frequency use was performed twice by electronic mail.

Within the national frequency co-ordination an agreement was reached with the Military Frequency Management Office in respect of technical conditions for the use of 10 Polish television stations, 189 foreign DVB-T stations, 32 foreign TV stations and 33 T-DAB stations.

Mobile measurement stations



International Activity

The year 2004 was abundant with numerous events related to the European Union. At the beginning of the year steps were taken to prepare URTiP for new tasks resulting from the transposition of Community regulations into the Polish law. Since 1 May 2004, when Poland became a member of the European Union, URTiP has been a full member of bodies that operate within the European Commission and the Council of the European Union.

Co-operation with the European Commission

The Office participated in the work of groups and committees within the European Commission of an opinion-making and advisory character in the communications sector. From the time of accession, Poland has become a full participant of works and sessions of the following bodies: Communications Committee (COCOM), Radio Spectrum Committee (RSC), Radio Spectrum Policy Group (RSPG), Telecommunications Conformity Assessment and Market Surveillance Committee (TCAM), Electromagnetic Compatibility Working Group and Postal Directive Committee.

In 2004, two visits of the European Commission representatives (Information Society Directorate General) took place in URTiP. The first one took place in February and its primary aim was to find out how the Office was prepared for tasks resulting from the regulatory package for electronic communications networks and services (Directives from 2002). The next visit took place in July. During this meeting representatives of the European Commission collected information necessary to draft the 10th Implementation Report (in part dedicated to the telecommunications market in Poland).

Co-operation with IRG and ERG

In 2004, URTiP continued its co-operation with other regulatory authorities within the framework of Independent Regulators Group (IRG) and European Regulators Group (ERG). Teams composed of employees involved in particular IRG working groups were established in URTiP.

URTiP organised two IRG working group meetings (SMP WG and Implementation WG). In addition, representatives of ERG secretariat visited URTiP in May.

Representatives of the Office also participated in IRG Contact Network meetings and in IRG/ERG plenaries. In 2004, tasks of IRG and ERG were included in a common work programme. Common positions and opinions with influence on a harmonised implementation of the new regulatory package for electronic communications were produced as a result of undertaken work. Among others, the following documents were drawn:

- *ERG Common Position on the approach to appropriate remedies in the new regulatory framework,*
- *ERG Opinion on proposed changes to Commission Recommendation of 1998 on accounting separation and cost accounting,*
- *Wholesale broadband access via cable,*
- *IRG Working Group on Market Data Analysis – 2004 report.*

Programmes co-financed from the EU budget in 2004

Project name	Status
Phare 2000 – Universal service in telecommunications	URTiP finished its co-operation with the Spanish Ministry of Science and Technology within the Twinning agreement.
Phare 2001 – Conformity Assessment and Standardisation. Phase III	The project was completed on 15 December 2004. Several twinning meetings were organised within the framework of this co-operation with experts of the German regulatory authority – Reg TP. In the investment part of this Project, equipment purchased for URTiP CLBT from Phare means was delivered, accepted and installed.
Phare 2002 – Market surveillance	Contracts were concluded for a delivery of IT equipment and several deliveries were already accomplished. A selection process was conducted for an entity to deliver training courses for entrepreneurs who place products on the market as regards New Approach Directives (RTTE and EMC) and a contract was concluded for their implementation.
Phare 2002 – New regulatory framework for electronic communications	Contracts for technical assistance were concluded (contracts 03 and 04). In November two companies were selected to provide services within these contracts. Within the investment contract 06 in part A: a safety audit for URTiP was performed, guidelines for the safety policy were drafted, tender documentation for part B of the contract was produced, the SSL certificate was provided and the CAVA CMS IT system was implemented; in part B: a contract for IT equipment and software was concluded.
Transition Facility 2004	The European Commission approved the project fiche <i>Strengthening URTiP in monitoring and stimulating development of postal market</i> submitted by URTiP to the Transition Facility 2004 programme.
Transition Facility 2005	In 2004 the project fiche for <i>Monitoring and stimulating the development of the telecommunication market</i> was prepared and submitted to the Office of the Committee for European Integration (UKIE).
Projects for Dutch assistance	In December 2004, two projects prepared by URTiP: <i>Surveillance of Market of products put into commercial circulation</i> and <i>Gaining and absorption of Structural Funds for the purpose of post and telecommunications development</i> – were submitted to the Dutch party.

Co-operation with the EU Council

URTiP participated in drafting instructions for the Working Party on Telecommunications and Information Society meetings and for the EU Council for

Transport, Telecommunications and Energy meetings. Furthermore, it also took part in a pilot implementation of the European Documents Exchange system called EWD-P. URTiP employees participated in a training course devoted to the principles of its operation. The Working Party on Telecommunications and Information Society joined the pilot implementation in December 2004.

Co-operation related to Product Market Surveillance

In September 2004, an EMC AdCo meeting (an informal body that gathers institutions responsible for market surveillance) was organised in Warsaw by URTiP in co-operation with the Office for Competition and Consumer Protection. URTiP also organised four study visits to authorities handling market surveillance issues (EMC and RTTE Directives): in Lithuania (in September), in Estonia and Finland (in November) and in the Netherlands (in December).

Co-operation with International Organisations

Within its international activity URTiP maintained close contacts with foreign organisations that handle issues related to telecommunications, radiocommunication, posts and product market surveillance. The Office co-operated, *inter alia*, with the European Conference of Postal and Telecommunications Administrations (CEPT), International Telecommunication Union (ITU), Universal Postal Union (UPU), European Telecommunications Standards Institute (ETSI), International Maritime Organisation (IMO), Organisation for Economic Co-operation and Development (OECD), World Trade Organisation (WTO) and North Atlantic Treaty Organisation (NATO).

CEPT

Representatives of URTiP participated in preparatory works for the World Radiocommunication Conference WRC-07 under the auspices of CEPT. They participated in the Conference Preparatory Group meetings and in working groups and project teams, which allowed them to actively participate in discussions and preparations of Common European Proposals for the WRC-07. Within the framework of these works a meeting of the project team for maritime, amateur and broadcasting services was organised by URTiP in Szczecin from 30 August to 1 September 2004.

ITU

The President of URTiP was in charge of the Polish administration delegation to the ITU World Telecommunication Standardisation Assembly – WTSA-04 which took place in Florianopolis in Brasil. During plenary sessions final reports of particular Committees were accepted and approved.

URTiP continued its co-operation within the Centre of Excellence established for the countries of Eastern Europe and the Commonwealth of Independent States. It also co-operated with the National Institute of Telecommunications in preparations for a workshop on *Issues of Open Market Policy* organised by ITU-D at the invitation of National Institute of Telecommunications in Warsaw. In addition, URTiP representatives participated in the Global Symposium for Regulators, which took place on 8-10 December 2004 in Geneva.

In the period covered by the Report, the Interministerial Team for Global and Regional Radiocommunication Conferences headed by the Undersecretary of State for Communications in the Ministry of Infrastructure, Mr. Wojciech Halka, continued

its work. In 2004, the Team held five sessions. The meetings were, first of all, aimed at elaborating a common position of the Polish communications administration for the Regional Radiocommunication Conference RRC-04 and the preparation of the Polish administration for WRC-07. The Working Group for RRC-04 analysed European Common Proposals and prepared the Polish administration's position for RRC-04, which was later presented at the conference.

UPU

URTiP maintained active co-operation with the Universal Postal Union (UPU). Employees of the Office participated in the meetings of UPU bodies, they also participated in the works of the 23rd UPU Congress, which took place on 15 September – 5 October 2004 in Bucharest.

On 2-4 February 2004, an employee of URTiP took part in the World Round Table and in a meeting of the Working Group for Terminal Dues within the UPU Council of Administration session in Bern. Representatives of URTiP also participated in a seminar on *Reforming the postal sector* organised under the auspices of UPU, which took place on 16 and 17 March 2004 in Minsk.

CERP

Current co-operation with CERP (Comité Européen de Réglementation Postale – Postal Committee) focused on producing relevant information related to new postal regulations in Poland to adapt regulatory principles to the EU standards. A representative of URTiP took part in the CERP plenary sessions and in the meetings of Best Regulatory Practice Committee chaired by an employee of the Office. A representative of URTiP also participated in the meetings of the Common

Polish delegation at the WTSA-04 conference



CEPT/PostEurop Plenary Session, in the studies of the Working Group for Regulatory Issues and in a common session of the Working Group for Economic Issues and Working Group for Legal Acts of UPU.

NATO

In 2004, the Office participated in the planning and activities related to communications resulting from the Armed Forces Goals and tasks in respect of the function of Host Nation Support (HNS) for NATO Armed Forces performed by Poland. As regards the implementation of goals related to NATO Armed Forces, URTiP contributed to the achievement of 10 goals that included the collection and access to information on selected elements of the telecommunications infrastructure in the area of Poland; among other things, a catalogue describing Telekomunikacja Polska S.A capabilities as regards fulfilling the needs of the Armed Forces was prepared and submitted to the Ministry of National Defence. URTiP also participated in the works of NATO Civil Communications Planning Committee (CCPC) working groups and in five meetings of the Work Group for Telecommunications (WGT) and Work Group for Postal Services (WGP).

IMO

Co-operation with the International Maritime Organisation (IMO) was focused in particular on its subcommittees: Committee for Radiocommunication, Search and Rescue (COMSAR) and Sub-Committee for Standards of Training, Certification and Watchkeeping (STW). In June 2004, a representative of URTiP took part in a meeting of a group of ITU/IMO experts for maritime radiocommunication issues appointed at COMSAR-8, which was held in the IMO seat in London.

GMDSS

URTiP representatives participated in the 14th Meeting of the Baltic/Barents Sea Regional Co-Operation on the GMDSS concerning Regional Co-operation in GMDSS – BBRC-14, which was held on 29 September to 1 October 2004 in Riga. Representatives of URTiP who participated in the session presented, among other things, materials on the watch at international distress and safety frequencies (channel 16 VHF and 2182 kHz frequency at MF as well as Digital Selective Calling frequencies – DSC), granting identification to Emergency Position Indicating Radiobeacons – EPIRB and the categories of certificates for GMDSS operators that are issued in Poland.

RAINWAT

Representatives of the Office participated in two meetings of the Committee for Regional Arrangement Concerning the Radiotelephone Service on Inland Waterways – RAINWAT. The first of the two meetings was held in Wrocław on 21-23 April 2004.

INTERSPUTNIK

URTiP co-operated with the Intersputnik International Organisation of Space Communications. This co-operation included tasks resulting from the function of Poland's Representation in the INTERSPUTNIK Board as performed by the President of URTiP. In 2004, two meetings between the President of URTiP and the Deputy Director General of Intersputnik were held (in February and in October).

ETSI

Representatives of the Office participated in General Assemblies of ETSI – (European Telecommunications Standards Institute) on 30 and 31 March 2004 and on 29 to 30 November 2004 in Nice, France. In addition, representatives of URTiP participated actively in the work of the Technical Specification Group 3 GPP, which handles UMTS-related issues.

RCC

The General Director of the RCC Executive Panel (Regional Commonwealth in the Field of Communications) visited Warsaw on 19–20 February 2004. In March, a common session was held of the RCC Postal Commission and the RCC Postal Operators Board. The URTiP delegation participated in this session as a guest observer.

From 29 June to 1 July 2004, representatives of the Office participated in the meeting of the Communications Administrations Heads of the CIS Member States and in the 31st session of the Board of the Communications Administrations Heads of the Regional Commonwealth in the field of Communications.

KADO

On 4 December 2004, a meeting was held between representatives of the Polish administration and representatives of the Korean Agency for Digital Opportunity and Promotion (KADO). The Korean party proposed to sign with URTiP an *Agreement Protocol* in order to formalise co-operation in respect of promoting new technologies and Information Society services.

Global Symposium for Regulators



Central Laboratory for Technical Research

The Central Laboratory for Technical Research (GP CLBT) is an assistance and maintenance unit operating in the Office of Telecommunications and Post Regulation. It is supervised by the Director General of URTiP.

Within the framework of product market surveillance the GP CLBT tests equipment and handles issues related to electromagnetic compatibility. It also keeps a data base for radio equipment to be placed on the market by its producers or distributors who notify the President of URTiP of such an intention.

Product Market Surveillance

The Conformity Assessment System Act vested the President of URTiP with the functions of a specialised body, simultaneously imposing new tasks in respect of monitoring the compliance with essential requirements by devices which are subject to the EMC and RTTE New Approach Directives.

To monitor the essential requirements for specific categories of devices URTiP must have measurement units which enable measurements according to harmonised standards. In the period covered by the Report, GP CLBT focused its operation on launching new measurement units in the central laboratory and in regional laboratories.

In this scope GP CLBT performed technical assessment of the existing measurement units, analysed its needs for the purchase of new measurement and test equipment, and in addition modernised measurement units in regional offices of URTiP and in GP CLBT. Technical acceptance of the measurement equipment was then executed and new measurement stations were launched.

Electromagnetic Compatibility and Standardisation

In 2004, GP CLBT handled notifications of the President of URTiP concerning an intention to place radio equipment on the market. Relevant information was prepared for entities which place radio equipment on the market. This information was published on URTiP website. 93 notifications were accepted, registered, analysed and confirmed for 180 radio devices to be placed on the market.

Services to External Entities

CLBT provides services to external entities, consisting in the assessment of equipment conformity with the requirements specified in the Telecommunications Law and in the EMC and RTTE Directives.

In particular, CLBT performs tests on electromagnetic compatibility and technical parameters for radio equipment, including efficient frequency spectrum utilisation. In 2004, the GP CLBT tested a total of 336 devices.

Examination Commissions

Four examination commissions operated in 2004 by the President of URTiP: examination commission for construction qualifications in telecommunications and the examination commissions for radio operators in amateur, aeronautical, maritime and inland navigation radiocommunication services.

Amateur radiocommunication

The examination commission for radio operators in amateur radiocommunication service in 2004 held 27 examination sessions, during which 779 persons were examined and 755 certificates were issued.

Aeronautical radiocommunication

In the period covered by the Report, the examination commission for radio operators in aeronautical radiocommunication service held 11 examination sessions. A total of 563 persons passed the exam and on this basis certificates for operators of on-board or airport radio equipment were issued.

Maritime radiocommunication and inland navigation

In 2004, the examination commission for radio operators in maritime and inland navigation radiocommunication service held 67 examination sessions for GMDSS operator certificates and 28 examination sessions for VHF operator certificates. In total, 3,710 persons were examined and 3,554 certificates were issued.

Construction qualifications in telecommunications

From January until May 2004, the examination commission for construction qualifications in telecommunications and qualifying for the title of a construction expert in telecommunications held 6 qualification sessions and 7 examination sessions. 45 decisions to grant construction qualifications in telecommunications were issued.

Under the Act of 16 April 2004 which amended the Construction Law, the competencies in respect of granting construction qualifications in telecommunications were transferred to the Polish Chamber of Construction Engineers.

Signing an agreement
with the Polish Amateur Radio Union



Budget of URTiP

The budgetary act defined the planned income and expenses for URTiP in 2004 as follows: income – PLN 160,105,000 and expenses – PLN 52,593,000.

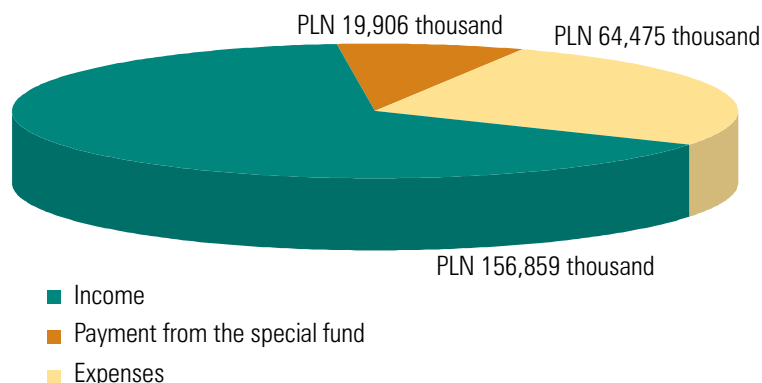
During the year, expenses of the Office increased by the sum of PLN 11,998,000, including: PLN 6,998,000 from the state budgetary reserve for specific purposes (implementation of the product market surveillance system) and PLN 5,000,000 from the general reserve of the state budget.

After modifications, the plan of URTiP expenses for 2004 amounted in total to PLN 64,591,000.

The income and expenses of the Office of Telecommunications and Post Regulation in 2004 were realised in the following amounts:

- Income – PLN 176,765,000 (including PLN 19,906,000 – payment from the special fund), i.e. 110.4% in proportion to the plan,
- Expenses – PLN 64,475,000, i.e. 99.8% of the plan after modifications.

Budget of URTiP



Special Fund

Under the Telecommunications Law of 21 July 2000, in 2004 a special fund of URTiP was established. Revenues of the special fund in 2004 amounted to PLN 45,222,000, while expenditure reached PLN 45,185,000, including expenses for investment purchases equal to PLN 20,942,000.

In 2004, URTiP started to implement a long term investment plan, the aim of which is to replace monitoring and measurement devices in fixed and mobile radio monitoring stations, which had been bought ten years ago. This was possible thanks to the right to purchase monitoring and measurement equipment necessary for the monitoring activity of the President of URTiP from the special fund.

In the period covered by the Report, 6 mobile measurement stations were purchased to perform monitoring and measurement activities in a way determined by ITU recommendations and by the national needs within frequency management. In addition, works were continued as regards the development of a nation-wide system of testing the quality of telephone calls (AWP-IL). Furthermore, a measurement device and a set for measurements of electromagnetic disturbance was purchased for the purposes of market surveillance.